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August 1, 2013

Cynthia T. Brown
Chief of the Section of Administration Office Proceedings
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423-001

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Office of Proceedings

AUG 1 2013

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Public Record

VIA FACSIMILE: 202-245-0465

Reference: FD 33247 – Grenada Railway, LLC – Acquisition and Operation
Exemption - Illinois Central Railroad Company and Watcrloo Railway
Company

Dear Ms. Brown,

Resolute FP US Inc. ("Resolute") owns and operates a paper manufacturing mill in the community of Grenada, MS. This operation is one of the largest contributors to the local economy with an annual total economic impact of \$101.5 million based on the following statistics:

- o 169 direct and 550 indirect employees
- o \$17.9 million in direct payroll and benefits
- o \$81.4 million in purchased goods and services
- o \$2.2 million in state property and sales tax
- o \$22 million planned capital expenditure over the next five years

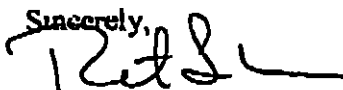
Annual paper production from the Grenada mill is approximately 276,000 short tons, with 52% of the volume being shipped to customers within the USA and Mexico via rail. As such, it is critical for the economic sustainability of this operation, that it have direct access to a viable rail line over the long term, both in terms of service provided and competitive access to the markets served.

In 2009 Grenada Railway LLC ("GRYR"), acquired from the Canadian National Railway ("CNR") the rail line servicing our Grenada mill. The transfer of a rail line from a Class 1 railway to short line operator is normally one, where all parties benefit. The Class 1 sheds a generally less strategic line, the short line operator recovers and grows a declining franchise, and the shippers benefit from improved service and typically respond with increased rail shipments. Regretfully, over the course of the past four years, our Grenada facility has seen deterioration in service provided combined with a substantial and uncompetitive increase in costs associated with this change. These issues can be summarized as follows:

- o Reduction in switches to the mill from every other day under CNR to a switch twice a week with the GRYR. This has severely limited our ability to service customers via rail and has significantly increased total logistics costs with offsetting shipments via truck.
- o Current demurrage charges for the Grenada mill are the highest in the Resolute mill system. In fact, demurrage costs at our Grenada mill are greater than other Resolute mills that ship four times the rail volume. Most of the demurrage occurs as a consequence of the two day a week service. In accordance with Tariff GRYR 8008, Item 755, demurrage is calculated from the time of actual or constructive placement. Consequently, with the reduced days of service level, Resolute is unable to mitigate these demurrage costs.
- o Effective February 1, 2011, the rate from the Grenada mill to Canton, MS was increased 47% from \$850/car to \$1,250/car while the Grenada to Memphis, TN routing remained unchanged at \$850/car. This increase greatly outpaced any measure contemplated under the Rail Cost Recovery Index for the same period.
- o The majority of our Grenada mill rail traffic was routed over Canton, MS to Mexico at that time and was subjected to the full impact of this increase.
- o On July 28, 2011, the GRYR embargoed the rail line from Grenada to Canton, MS which was attributed to a claimed "Bridge out of Service, Structural Damage to Bridge". Consequently all of our rail traffic was forced over the Memphis, TN gateway despite longer transit times for the Mexican destined traffic. Essentially this traffic was required to move north before transiting south.
- o Subsequent to this embargo.... GRYR petitioned to abandon the line per STB Docket AB-1087AX. Resolute and other shippers opposed this abandonment which was later withdrawn by the GRYR; however the line embargo... remains in place to this day.
- o Intermediary switch charges in Memphis TN, have increased 34% from July 1, 2009 through July 1, 2013. Again, this increases greatly outpaced any measure contemplated under the Rail Cost Recovery Index for the same period.

In our letter of opposition, dated July 21, 2011 to the Surface Transportation Board with respect to Grenada Railway LLC – Abandonment of railroad line between Milepost 622.5 and milepost 703.8 – In Mississippi STB Docket AB-1087AX, Resolute stated "I (we) believe that GRYR intentionally drove customers like us from the line in order to make a credible case for abandonment, without taking into consideration the devastating effect such actions have on existing customers, and the regional economy" Resolute firmly believes that the GRYR continues to operate today, in such a manner that discourages business rather than foster growth in business.

We urge the Surface Transportation Board to fully consider under this docket the broader economic consequences to customers, employees (direct and indirect), and local and regional economies in any decision rendered.

Sincerely,


Rob Wise
General Manager, Grenada Mill



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Surface Transportation Board
395 E Street SW, Room #100
Washington, DC 20423-0001

RE: Docket # FD 35247, Grenada Railway

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Dear Ms. Brown:

Enclosed is a letter on behalf of my company in reference to the Grenada Railway matter.

I certify that a copy of this letter has been served on each party of record by facsimile transmission or United States mail

Sincerely,

A handwritten signature in black ink, appearing to read 'Rob Wise'.

Rob Wise
General Manager, Grenada Mill